

AUSTRALIAN INSTITUTE  
of COMPANY DIRECTORS

# Improve your board's effectiveness

*Governance Analysis Tool™*



Our standard Governance Analysis Tool (GAT) is designed to focus the board's attention on the full system of governance. Based on Company Directors' Corporate Governance Framework™, the tool considers governance from the perspective of individual directors, the functions of the board, the execution of governance in the business and the relationships held with the organisation's stakeholders.

GAT Standard is designed to offer your board a comprehensive, all-in-one, full system review of governance measured against good practice statements.

#### How does it work?

The GAT Standard review is categorised into four distinct governance areas, or quadrants, each containing approximately 35-40 statements of review (155 review statements in total). Board members are asked to assess their organisation's governance against a series of review statements that go to the heart of the area to be examined. Statements are assessed on a maturity rating scale and are supported by Guidance notes describing the area under review, how it is applied and what directors should be observing as leading practice, offering an education element to the review process where this may be of benefit.

#### A closer look at what we cover

Our approach has been to identify governance areas of most relevance to boards and directors across a wide range of organisations. GAT Standard versions are available for boards of listed, government, not-for-profit and private sector organisations. Versions have also been developed for cooperatives, universities and registered clubs.

##### **Individual Directors**

This quadrant focuses on individual director attributes including understanding of directors' role and duties, director competence, leadership, behaviours and the responsibilities and style of the Chairman.

##### **Board**

This quadrant covers the qualities and operation of the board as a combined team of directors including use of committees, the effectiveness of meetings, group competencies, board dynamics and the extent to which legal standards are understood and complied.

##### **Organisation**

This quadrant relates to how the board's governance practices permeate the organisation as a whole including systems and policies related to the organisation's operating environment, reporting environment, the nature and role of the CEO and management, information flows, sufficiency of resources, strategy, risk management and performance outcomes.

##### **Stakeholders**

This quadrant focuses on the approach taken by the board concerning accountability to, and communication and engagement with, key stakeholders.

#### Format Options

The tool may be undertaken in Standard, Select or 360 review formats.

##### **GAT Standard**

GAT Standard form covers all quadrants and takes approximately 2-hours to complete. Responses are automatically saved, allowing respondents to leave and re-enter the survey where they left off at any stage. It is recommended that GAT Standard be undertaken quadrant by quadrant and in four separate sittings to ensure quality responses throughout the whole review.

##### **GAT Select**

GAT Select provides boards with the option to elect up to two quadrants per review should there be a desire to focus on one or two specific areas or if it would be beneficial to split the review across two review periods. Any two quadrants may be elected as part of the GAT Select form, comprising approximately 60 – 85 review statements.

##### **GAT 360**

The GAT Standard in 360 format allows boards and executive teams to assess the governance of their organisation from their different perspectives, with the benefit of highlighting where there may be divergence of views. The resulting report and gap analysis provides a highly effective way to determine where focus and prioritisation should be given to improve business performance.



Size of segments has no relation to importance.

The values encircle the practices of directors, boards, their organisations and interactions with stakeholders.

## Under what circumstances might this review be appropriate?

GAT reviews may be undertaken in a wide variety of circumstances. For example:

- A mid-sized nfp decides to undertake a board review with a view to considering external board consultants at some future point
- A new chair is appointed to a board and wishes to gain some early readings from other board members as to where they see governance strengths and opportunities for improvement
- The company secretary of a public company has been tasked with sourcing a fresh approach to the board's review process, having used the same questions for three subsequent cycles
- A chair is finding it difficult to draw out board members' perspectives on particular issues and wants to provide a safe and systematic way in which they can provide their views
- The chair of a government board is looking to build consensus around an action plan aimed at improving the performance of the board
- A listed company with many subsidiaries, or a not-for-profit with a federated structure, seeks a uniform framework by which subsidiary boards can assess their governance practices across the group
- A private company has reached its first year of operation with newly formed board committees and seeks insights as to how board work is being distributed and executed
- A large NFP has recently appointed several new senior executives and wishes to understand where there might be a divergence of views between the board and executive

## Delivery

- All board members are sent a secure and confidential online survey to complete
- The on-line survey can be undertaken on any desktop or mobile device
- Each question includes space for commentary to provide deeper context for analysis
- Individual results are collected and analysed
- Cumulative analysis is presented in a confidential report (individual responses are masked to protect anonymity)
- Reports are written to be concise and practical with visual features such as a Heat Map, comparative charts and a Spider Graph of outliers
- A one-on-one discussion is provided to the Chairman on the report's findings
- An independently facilitated discussion on the findings by an AICD-accredited Board Facilitator

## Why AICD?

Survey responses are confidential and secure. All data is stored in AICD's secure database enabling future benchmarking. AICD Board Facilitators are accredited and regularly assessed against a robust assessment framework assuring the highest quality of delivery. The AICD brand provides your board's stakeholders with the assurance that your board is assessing its governance arrangements to standards of best practice.

<sup>1</sup>Assumes up to 12 board respondents per Standard and Select forms, and the addition of up to 10 executives in the case of a 360 review